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**A STUDY ON THE INFLUENCE OF BUSINESS LOCATION ON  
BUSINESS SUCCESS: CASE STUDY ON MARA'S  
BUSINESS TENANTS IN SELANGOR**

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**ABSTRACT**

Nowadays, there are no specific studies to measures level of business success among the MARA business tenant. Due to this issue this studies is aimed for the effectiveness of MARA business premises to the business success from tenants perspective. Based on a survey on 120 MARA business tenants through out the ten districts of Selangor consisting of Sabak Bernam, Kuala Selangor, Klang, Shah Alam, Petaling, Gombak, Kuala Langat, Hulu Langat, Sepang and Hulu Selangor, the study disclosed that the location factor does contribute to the business success. From the findings, there are three highly strong characteristic to locate the business; (i) high density population, (ii) surrounding area of high business competition environment and (iii) it must have an easy access to premise area. This study held by using structured administered questionnaires and has been conducted in three week's time and finally meets the objectives.

## ABSTRAK

Sehingga kini tiada kajian khusus untuk mengukur tahap kejayaan perniagaan para penyewa MARA. Disebabkan keadaan ini, kajian ini adalah bertujuan untuk mengkaji faktor lokasi premis perniagaan MARA memberi kesan ke atas persepsi kejayaan perniagaan dari perspektif para penyewa MARA. Berdasarkan kajian ke atas 120 penyewa premis perniagaan MARA di seluruh negeri Selangor yang merangkumi sepuluh buah daerah iaitu Sabak Bernam, Kuala Selangor, Klang, Shah Alam, Petaling, Gombak, Kuala Langat, Hulu Langat, Sepang dan Hulu Selangor, kajian daripada persepsi penyewa MARA Selangor mendapati bahawa faktor lokasi menyumbang kepada kejayaan sesebuah perniagaan. Terdapat tiga faktor terbaik dalam membuat keputusan menentukan lokasi sesuatu perniagaan iaitu (i) kawasan yang mempunyai populasi penduduk yang tinggi; (ii) kewujudan syarikat pesaing di kawasan setempat; dan (iii) kemudahan akses ke premis perniagaan. Kajian ini dijalankan dengan menggunakan soal selidik berstruktur secara personal yang dijalankan selama 3 minggu yang akhirnya mencapai objektif yang ditetapkan.



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## CHAPTER 1

### INTRODUCTION

#### 1.1 INTRODUCTION

The bumiputera participation in business has always been debated and discussed in various public platforms either in forums of government agencies, mainstream media or even at political conventions. One prominent government agency that deals in such matter is MARA. In accordance with the government policy which is in line with the Federal Constitution, several efforts have been taken by government agencies to ensure bumiputera entrepreneurs to be groomed well so as to equip them with the capabilities to venture in business activities which include any related manufacturing or other industries for that matter. Various programs have been created and implemented to ensure this objective is achieved. One of them is business rental scheme. Under this scheme, the entrepreneurs or entrepreneurs-to-be are given infrastructure facilities such as office or operating building to do their business. They are provided these facilities at a discounted rent to assist them to have a good focus on their business operations and after a certain period, they are required to give away the premises for a new entrepreneur to develop.

This paper tends to explore the status of these tenants of their business performance with a specific attention given to the issues related to location of the business premises.

## 1.2 BACKGROUND OF AGENCY

MARA, abbreviated from Majlis Amanah Rakyat refers to the Trust Council for Indigenous People. It is a Malaysian government agency which was formed to provide aid, training and guidance for the Malays or bumiputera including other indigenous Malaysians who venture into various fields of the Malaysian economy. One particular area that has been the focus of MARA is entrepreneurship.

The agency of MARA was formed on March 1, 1966 under the Rural and National Development Ministry under the Parliament Act, No. 20, 1966 MARA. Upon formation, MARA was entrusted with the responsibility to promote, stimulate, facilitate and undertake the economic and social development of the people especially in the rural areas.

The MARA Council consists of the Chairman, Deputy Chairman and nine other members. The Committee Members are appointed by the Minister of Rural and Regional Development. The management of MARA is led by the Director General and assisted by three Deputies Director General and two Senior Directors. There are a total of five sectors headed by these officers. There are Sectors of Commercial, Entrepreneur, Management Services, Education and Education Sponsoring. The sector that is particularly related to the subject of this research is Sector of Entrepreneur.

In executing its role and function, MARA has established a headquarter office in Kuala Lumpur as well as thirteen state-level offices all over Malaysia including Labuan and the respective branch offices in the state's districts. MARA also has offices operating in foreign cities such as in London, Washington D.C., Dublin, New South Wales, Frankfurt and Jakarta.



One particular objective of MARA is to encourage, guide, train and assist bumiputera entrepreneurs to actively and progressively participate in small and medium scale commercial and industrial enterprises. In doing so, the agency has to create a strong and viable Commercial and Industrial Community among the bumiputeras. The strategies that have been set by MARA in order to achieve its objective are as follows:

- i. Create and increase the number of bumiputera entrepreneurs and upgrade their level of participation in the small and medium scale commercial and industrial enterprises towards creating a strong and viable bumiputera business and industrial community;
- ii. Participate actively in specific commercial and industrial enterprises through investments and management in companies as a means of nurturing and promoting bumiputera participation in commerce and industry;
- iii. Increase the number of trained bumiputera manpower at all levels and in various fields for the need of the nation's commercial and industrial sectors; and
- iv. Provide other facilities and services where appropriate and become trustee in areas which can help raise the social and economic standard of the bumiputera community directly or indirectly.

#### **1.2.1 Development of Business Infrastructure Division**

In the organisation structure of MARA, the Entrepreneur Sector has been directly involved in executing programs that strengthen the entrepreneurship culture among the bumiputera with the strategies

mentioned above. The Entrepreneur Sector has the following divisions:-

- i. Credit Control Division
- ii. Entrepreneur Development Division
- iii. Development Of Business infrastructure Division
- iv. Division Business Financing
- v. Transport Division

The Development of Business Infrastructure Division (iii. above) is responsible to play an important role in realising MARA's vision and mission. The functions of this division are:

- i. To provide business and industrial premises according to current needs and trends.
- ii. To consolidate, improve existing programmes and to develop Small and Medium Scale Enterprise (SME) that are able to produce quality products and services and added value for global markets.
- iii. To upgrade the image of business premises through facelift and proper marketing programme.
- iv. To conduct tenant development programmes so as to upgrade business management competency, particularly in manufacturing and marketing, towards creating K-entrepreneurs.



The business premises including factory spaces are allocated to qualified bumiputera entrepreneurs with the aim of upgrading their level of business skills. The premises would be rented out to the entrepreneurs at a rate at least 20% lower than the market rates.

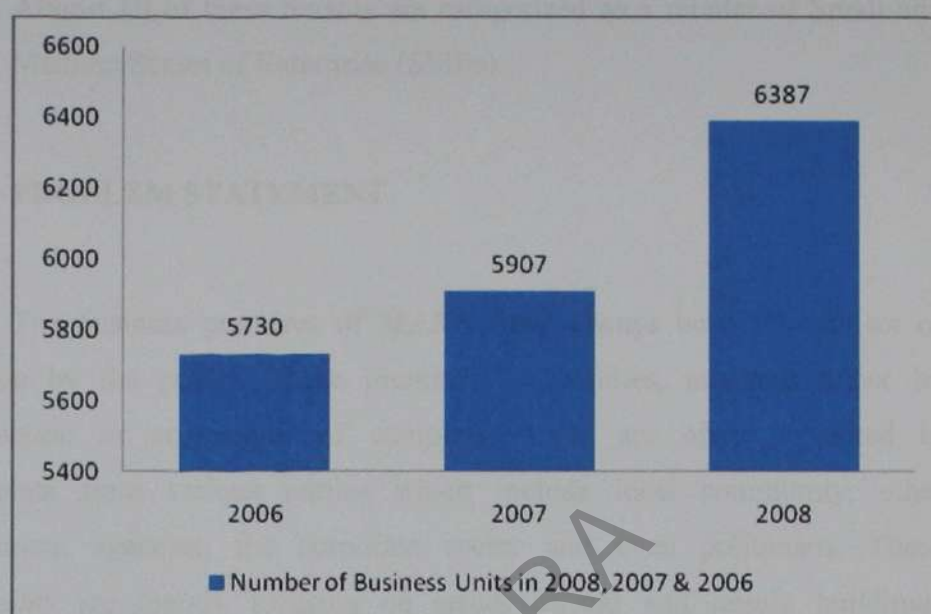
There are no strict conditions for entrepreneurs to apply for such rental scheme as long as they are keen to venture into business and manufacturing field and have their own registered company. However, there are some priority given to applicants who had undergone entrepreneurship programs organized by MARA and other agencies or university graduates especially under MARA institutions that intend to do business activities, among others.

#### **1.2.2 Types of MARA Business Premise**

Under the administration of Business Infrastructure Development Division, MARA provides several categories of business premises such as:

- i. Complex
- ii. Arcade
- iii. Shop Houses
- iv. Workshops
- v. Bazaar
- vi. Factory
- vii. Bistro
- viii. Market / Stall

**Chart 1**  
**Number of Business Premise**



Source: MARA Annual Report 2008

As shown in the chart above, the total number of rented business units of MARA has been increased over a period of 3 years.

### 1.2.3 Unit of Business Infrastructure

At the states' offices of MARA, there is a unit known as the Unit of Business Infrastructure which manage, coordinate and monitor all issues regarding MARA's Development of Business Infrastructure Division policies in the states. The issues that are managed include tenancy management, budget allocation for maintenance and repair, performance of rental collection, tenant development and also promotion and marketing activities.

In Selangor, there are 532 business units in ten (10) districts consist of Sabak Bernam, Kuala Selangor, Klang, Hulu Selangor, Gombak, Petaling, Shah Alam, Hulu Langat, Kuala Langat and Sepang.



As of 31 August 2010, out of the 532 business unit available, only 430 units are occupied by tenants and the other 102 units are still vacant. Almost all of these tenants are categorized as a retailer of Small and Medium Scales of Enterprise (SMEs).

### **1.3 PROBLEM STATEMENT**

The business premises of MARA have always been the subject of attention by the public. These premises or facilities, procured either by construction or acquisition of completed units are often subjected to complaints from various parties which include local community, other government agencies, the corporate sector and even politicians. These complaints are mainly focusing on issues of old and unsafe buildings, unattractive business outlets and non strategic locations which contributed to low patrons either from outside or local area.

Ironically, in term of strategic location, the reason behind MARA's acquisition of the buildings is to be in line with the government's requirement to help the communities in rural areas. Mainly, these business premises are located in these areas.

This research will see in depth the location factor of the business premises and its contributions with any problems highlighted above which eventually adversely affect the performance of business of the operators.

### **1.4 RESEARCH OBJECTIVES**

Basically, the main objective of this research is to examine whether the business premises procured by MARA are situated strategically and successfully brought wealth to the tenants.

#### **1.4.1 Specific Objective**

Specifically, the study will also examine the factors that surround the business performance of the tenants of MARA premises and to determine as well the significant factor that contributes most to the tenants' business success.

### **1.5 SCOPE OF STUDY**

This research gives focus on business premises and facilities of MARA in the state of Selangor. The study intends to explore the status of business performance among the tenants of the respective MARA business premises. In addition, any related issues concerning the physical state of these premises will also be looked into. A total of 10 districts with more than 400 premises will be involved in this study. The respondents selected are from the list of existing MARA business tenants maintained in the register at the respective MARA district offices.

### **1.6 SIGNIFICANCE OF STUDY**

The results of this study can generate a significant managerial implication for MARA Senior Management especially among the Council Members. This study will provide a better understanding to the Management on the current state of the business premises in term of financial performance as well as their physical condition. It is hoped that the study can create awareness especially to officials of the Business Infrastructure Development Division to review or revise a better policy regarding selecting or ascertaining proper location to build or acquire commercial premises to ensure successful implementation of MARA's policies.



## **1.7 LIMITATION OF STUDY**

The analysis and findings of this would subject to several limitations such as the following:

### **1.7.1 Truthfulness by MARA Business Tenants**

This research was conducted by a set of questions focusing on tenants' perception of business success. These questions need sincere answer from the business tenants. When answering, they may tend to be influenced by emotions and perhaps certain negative sentiments by certain issues surrounding them. Due to this situation, the answers given may be not a sincere one. Therefore, the results obtained might have been biased due to the things mentioned just now.

### **1.7.2 Emphasis On One Element**

One particular element has been the focus of this study is the location factor of the business premise. In reality, ascertaining one's success in doing business should be looked at a wider perspective. Perhaps in future research, attempt can be made to look into various factors that may relate to contribution to a business success. The constraint of time which is experienced in conducting this study was the reason of looking at only one factor as the research subject.

### **1.7.3 Number of Samples**

The result obtained from the analysis is derived from the number of samples collected. At this point, one should consider that with larger number of respondents, the results may show differently from the ones that have been produced in this study.

## 1.8 DEFINITION OF TERMS

**Federal Constitutions:** the supreme law of Malaysia. Article 4(1) state that the constitution is the supreme law of the federation and any law passed after Merdeka Day which is inconsistent with this constitution shall, to the maximum extent of inconsistency, be void.

**Customer Patronage:** Supports or loyalty given by customers towards a product or services.

## 1.9 LIST OF ABBREVIATION

MARA : Majlis Amanah Rakyat

SPSS : Statistical Package of Social Science

## 1.10 ORGANIZATION OF THE REPORT

This study is organized into six main chapters as follows:

### **Chapter One: Introduction**

This chapter covers a background study on the agency of MARA and the respective Division in the agency that is responsible in developing strategies to help entrepreneurs as well as managing business premises for them. The issues or problem pertaining to the administration and managing the premise and business are also explained in brief. This chapter also reveals the objectives of the research and all the relevant information concerning scope and limitation of study.



## **Chapter Two: Literature Review**

This chapter discusses on subjects that are related to the research based on secondary data such as journal articles, magazines, books, bulletins etc. The relevant elements that are to focus have been highlighted and discussed thoroughly. Other researchers' opinion towards the relevant details such as business operations, marketing or even relevant development programs by MARA are also explained in this chapter.

## **Chapter Three: Research Methodology**

This chapter describes in depth the methodology which includes selecting sample, testing as well as development of hypothesis. All these are applied in the conduct of the study. Research framework is also explained in this chapter which the reference made to the literature review.

## **Chapter Four: Findings and Analysis**

This chapter explained the findings from method used i.e. interviews, observations and questionnaire. All the results from the statistical analysis have been laid out in this chapter. The result from testing of hypothesis is also explained in this chapter.

## **Chapter Five : Conclusion and Recommendations**

This chapter described the conclusion based on data findings and analysis and several recommendations focusing on strategizing the ways to ensure objective of enhancement of bumiputera entrepreneurs can be successfully achieved.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

Choosing a location for a business is important as the location chosen can affect business performance. The right location will increase the chance of a business succeeding. The wrong location could increase the chances of a business failing. When choosing a location it is important to take in mind the kind of business we are looking to locate. The effectiveness of these premises location in contributing to the sustainable performance among the tenants also have to be put in high priority by MARA. The considerations of a large retail outlet are different to those of a large factory.

Since MARA are mostly applied a concept of business incubator in offering business premises to their tenants, a strategic location become the most important factor in developing or buying any of these premises.

#### **2.2 ENTREPRENEURSHIP**

Ireland et al. (2001) defined entrepreneurship as a context-dependent social process through which individuals create values by bringing together a unique package of resources to exploit an opportunity in the marketplace. Entrepreneurial skills are about the ability to gain access to a variety of



resources and knowing how to leverage them creatively. This study is supported by Covin and Slevin (1991), entrepreneurship is also used to describe the propensity of a company to take calculated risks, to be innovative and to demonstrate pro-activeness.

Entrepreneur and entrepreneurship originate from the word 'entreprendre' in France which means to hold and to try. Entrepreneur which is originally known since 18<sup>th</sup> century when Richard Cantillon used the words to describe individuals who buy materials and means of production at prices which enables them to combine into new product (Hisrich and Peters, 1998). Three authors have later explored and developed the definition; Joseph Alois Schumpeter (1954) associated with German tradition and founder of modern entrepreneurship theory, Knight (1921) - Chicago Tradition and Kirzner (1985) Austrian tradition, each of them can be traced back to Cantillon's definition and share some commonalities. (Tilley & Young, 2009). Schumpeter portrayed entrepreneur as an innovator and has been associated with 'creative destruction'; the process by which entrepreneur bring about something new in production method, technological development, product/ service, distribution system or even new organizational form. Knight (1921) viewed entrepreneur as a person who is able to recognize opportunities and manage risk and uncertainty in order to create wealth. Finally Kirzner also extended to a new theory that entrepreneur has an alertness to profit opportunities (Spencer *et al*, 2008)

Entrepreneur is associated with business ownership and enterprise which later can be associated with firm and also capitalism. Entrepreneurship is a dynamic process of vision, change and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients are the willingness to take calculated risk, formulate the effective venture team, marshal the needed resources, and build a solid business plan and finally the vision to recognize opportunity where others see chaos, contradiction and confusion (Kuratko,



2009). Prophet of Innovation ; Joseph A Schumpeter, 1934 defined entrepreneur as an *innovator* and Kirzner, Israel M ;1979 also defined "entrepreneur is more than a *risk taker* and innovator. He or she is the one who *sees the future that no one else has seen* and if this perception is correct, it will bring about a reordering of resources to produce greater consumer satisfaction and technological efficiency. (Yusoff & Yusoff, 2006). In this integrated definition it is obviously seen that entrepreneurship is a self employment job with the combination of a few criteria such as willingness to take calculated risk, do planning, and an innovator, manage and own an enterprise or a firm. Other scholar defined it as using a behavioural definition; creation of new organization (Gartner, 1989). A frequently used behavioural definition refers to independent ownership, active management and/ or expressed intention to do so. (Stewart & Roth, 2001) Other definition of entrepreneurship describes tasks, such as the recognition and exploitation of opportunities; as central to entrepreneurship (Shane & Venkataraman, 2000)

Entrepreneurship which has become popular since the eighteenth century and has recently re-emerged as crucial element for generating growth in economic has been identified as main source to create jobs. Research has discovered the primacy of entrepreneurship as a driver of economic growth, job creation and competitiveness in global market (Carree & Thurik, 2008). Therefore an emphasize has been given on entrepreneurship especially in economic downturn. Study also shows that there is a positive correlation between economic growth and entrepreneurship (Acs and Audretsch, 2003; Audretsch & Keilbach, 2003; Carree *et al.*, 2002). Currently Malaysian government has put in a big effort to promote entrepreneurship as a career. More schools and higher education centres have been offering entrepreneurship courses and many more short courses have been conducted by either government agencies or private institutions.

Presently there are many related issues such as strategic entrepreneurship, corporate entrepreneurship, capitalism and entrepreneurial



orientation which are closely related to an innovative person who owns and manages the firm to grow and become profitable. To rationalize the vision, an entrepreneur should definitely have some skills which can facilitate the process. In Huck and McEwen's (1991), three areas were identified as the most important competency areas; management, planning and budgeting and marketing/ selling.

### **2.3 SMALL AND MEDIUM SCALE ENTERPRISES (SMEs)**

According to Malaysian standard definition, SME is defined as small enterprises employ less than 50 employees or have annual sales less than RM10 Million (SMIDEC, 2009) or initial capital less than RM500, 000 (Malaysia Ministry of Trade and Industry, 2009). SMEs definition is based on two criteria i.e. numbers of employees and annual sales turnover (Abdullaah and Hisham 2007). The definition of SMEs is apply for these 3 main sectors which is primary agriculture, manufacturing (including agro based), manufacturing related services (MRS) and services (including information and communication technology). According to SMIDEC (Small and Medium Scale Industries Development Corporation of Malaysia), developed countries have succeeded due to SMEs which have formed a fundamental part of the economy. This fundamental is comprising over 98% of total establishments and contributing to over 65% of employments as well as over 50% of gross domestic products (GDP).

Bank Negara Malaysia (2005) through The Census of Establishments and Enterprises 2005 reported that there are 99.2% or 518,996 of business establishments are the small and medium enterprises which are 411,849 are micro enterprises. Most of these SMEs are involved in three main sectors which are 86.5% in services sector, 7.3% involved in manufacturing sector and 6.2% involved in agricultural sector.

In Malaysia, SMEs are facing domestic as well as external challenges such as the difficulty in obtaining funds, lack of human capital, high level of internationalization competition, lack of access to better technology, government bureaucracy and low level of R&D ( Salleh & Dhubisi, 2006). The global market nowadays put SMEs in vulnerable position. The main problem for SMEs in developing countries is actually because of their isolation which hinders access to markets as well as to information, finance and institutional support (Mead & Liedholm, 1998).

## 2.4 COMPANY'S EFFECTIVENESS

Effectiveness is one of central terms used in assessing and measuring the performance of organisations. In definition, effectiveness is related to the company's own strategy to generate a sustainable business growth in its surrounding networks. It is expressible by using the discounted present value of all future earnings (Gaertner and Ramnarayan, 1983). According to Gaertner and Ramnarayan (1983) and Mass (2005), effectiveness is linked to the ability to design a unique model of embracing business opportunities through a firm's exchange relationships and the generation of sustainable growth in its surrounding networks.

According to Mouzas (2006), the meaning of effectiveness among senior managers of Confectionery Brands which is a Swiss fast-moving consumer goods manufacturer is different by their portfolio. The effectiveness relates with impact, result or efficacy. So the effectiveness is about a long-term objective of achievement.

According to Gaertner and Ramnarayan (1983), effectiveness of the company is a continuous process relating to the organization of its constituencies; moreover, effectiveness is negotiated rather than produced. To be an effective organization, it has to be able to create accounts of itself and its



activities that relevant constituencies find acceptable. The accounts may be for various purposes to various audiences and for various activities.

## **2.5 BUSINESS INCUBATORS**

According to Allen and McCluskey, (1990) Fry, (1987), any organization that provides access to affordable office space and shared administrative services under umbrella term is called Business Incubator. It is also generally perceived as a kind of infrastructure geared to support and nurture the establishment and development of small and medium-sized enterprises (SMEs). Incubators seek to provide nurturing business environment by actively ensuring that start-up firms get the resources, services and assistance they need. It also helps firms directly through affordable rents, services and equipment that would otherwise be unavailable or unaffordable. (Bollingtoft and Ulthoi 2005).

## **2.6 BUSINESS LOCATION**

According to Levy and Weitz (1998), certain types of stores will be more successful in specific types of location. There are four (4) factors that make a particular site attractive. There are:

- i. Easy access to particular site which a customer may get into and out of it;
- ii. Locational advantages within a centre such as a good selection of merchandise that compete with itself and complementary merchandise;
- iii. Location advantages within a centre; and
- iv. Terms of occupancy.

Azlah et al., (2005) find that there are several factors of location selection that need to be considered by retailers. These important factors should cross the retailers mind are demography, socio-economy of local residents, competitors, government policies, legitimate law, infrastructure facilities and others. Karande and Lombard (2005) in their study found that broad-line retailers tends to locate their business location in areas with relatively high income, high retail expenditures, high population density, younger population and high home ownership. Lufuente et al., (2010) mentioned in their study that there was a traditional thinking related to location decisions that focused its analysis on profit maximisation and cost-minimising strategies i.e. transportation cost, labour cost and external economies. Another study by Ouwersloot and Rietveld (2000) found the physical infrastructure such as schools, administrative centres and telecommunication infrastructure are most important factors to be considered in making a location decision. The location decisions differ according to whether the firms are manufacturers or service based.

As we refer to Laulajainen and Stafford (1995), because of the retailers emphasise on the revenue in doing business, the most important factors for them when they consider the business location is the market. Easy access to markets is the single most important factor influencing the location of commercial facilities.

For manufacturers which are market oriented, locations decrease transport costs, but they can be even more important when service times are decreased and sales are increased. Other study mentioned that there are several criteria suggested to the manufacturer when making a decision to locate their plant (Kotler et al., 1993). There are:

- i. Local labour markets;
- ii. Access to customer and supplier markets';
- iii. Availability to development sites, facilities and infrastructure;



- iv. Transportation;
- v. Education and training opportunities;
- vi. Quality of life;
- vii. Business climate;
- viii. Access to R&D facilities;
- ix. Capital availability; and
- x. Taxes and regulations.

The study by Ulaga et al., (2000) on five companies (AMOCO, United Biscuits, Haagen Dazs, Behr Germany and Hazlewood Foods) regarding the priority to locate their plant. These five companies share a common issue which is they agreed that major critical decision criteria to locate the factory are (i) access to customer and supplier markets and (ii) transportation. Based on the Knowledge Fountain (2009), some areas that need to be considered when choosing a business location are:

- i. Area research by gathering information regarding amount of households, public average age, average disposable income and population size;
- ii. Customer access such as traffic restrictions, public transport and parking facilities;
- iii. Competition among the existing company around the area;
- iv. Hidden charges of leasing; and
- v. Get the informal contracts from the landlords.

Source of labour become one of crucial factor to ensure the business operation is on the right track. The importance of labour as a location factor is connected with its availability in terms of need and supply, cost of labour incurred, productivity and skills that they have (Laulajainen and Stafford, 1995).

Even though the firms firstly have to evaluate the location before starting up business, there are no perfect locations. This is because it is impossible to determine the optimum locations because of lack of data, techniques which become too complex when burdened with many variables, and because of uncertainty about the future, competitors, suppliers and customers (Laulajainen and Stafford 1995).

## **2.7 BUSINESS SUCCESS**

Traditionally the business success is defined by measuring the financial evaluation of the company (Cameron, 1986). According to Ghosh and Kwan (1996), factors that contribute to business success are having customer relationship, effective management and marketing. Another study by DeHayes and Haeberle (1990) find that the most frequent reason for success among business was their ability to identify and focus on one or a few market niche.

This study also identified that the ability to develop and sustain technological advantage, strong management team, having significant 'people bonding', strategic alliance with customers and strategic use of information technology. There are also six keys to success in running the business which included people power, business plan, knowing your surrounding competitors, performance measurement and avoiding complacence (Gaskill and Hyland, 1989). According to Ghosh et al., (2001), the enterprises or business company need to pay attention to the following areas in order to achieve excellence in performance:



- i. Strong market orientation capability;
- ii. Effective management by strong management commitment and support and also strong organisation and management set-up; and
- iii. Access to broad base support and resources for instance networking.

Success has traditionally been measured by financial performance, e.g. growth, profit, turnover, return on investment or number of employees (Walker & Brown, 2004; Paige and Littrell, 2002). However, those financial measures alone are insufficient with regard to firm success. Consequently, other dimensions of success have been suggested. These include customer/market measures (relationships between the customers and the firm), process measures (efficiency of operations), people development measures (stakeholders impact) and preparation for the future measures (expressions of foresight) (Maltz et al., 2003).

Bank Negara Malaysia (2006) on its studies found that all the enterprises shared common critical success factors, namely:

- i. Sound management capability and integrity;
- ii. Sound business culture and entrepreneurial spirit;
- iii. Prudent financial management;
- iv. High quality products and services;
- v. Good programme for human resources development;

- vi. Strong support from financial institutions in terms of lending and advisory marketing; and
- vii. Strong marketing strategies including good network with suppliers.

## 2.8 MARKETING STRATEGY

Marketing is a “social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and values with others” (Kotler, 1984). American Marketing Association (2007) defined marketing as the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large. Another marketing guru, Levitt (1986), states that *“a truly marketing minded firm tries to create value providing goods and services that consumers will want to buy”*. There are many new registered enterprises facing difficulties in terms of how to increase the company sales through the right marketing activities. Marketing activities are tools towards company’s establishment. In general, marketing capability has a stronger impact on firm performance than research-and-development and operations capabilities (Krasnokov A. & Jayachandran S., 2008). This shows that marketing is essential for company growth and success.

Strategic marketing is defined as a deeply stakeholders-oriented concept that focuses on a company’s long term vision for competitive advantage and value-addition through innovation (Fahy and Smithee, 1999). Another studied defined that the marketing strategy is concerned with the creation of marketing mix that enables the business to achieve its objectives in a target market (Varadarajan & Clark, 1994).



## 2.9 PERCEIVED BUSINESS SUCCESS

As entrepreneurship motives may be influenced by the economic environment and condition, success also would be defined differently according to their basic motives. Some authors maintain that the success or failure of a business can be measured in terms of whether the firm survives or not (Cooper et al., 1994), Stuart and Abetti (1987) carry out a revision of measures of success in high-tech firms, distinguishing between the concepts of objective success as opposed to subjective success, bimodal or multimodal success compared with combined success and they also differentiate between financial and non-financial success. If venture capital firms define its success by its ability to raise subsequent venture funds (Walske et al., 2009), other types of businesses would also define success in their very own definition.

Some suggest that business condition might greatly influence the success level of a business. Others view that capital access; marketing and technology were determinants of business success. (Indarti and Langenberg, 2004) Therefore, since business success is a qualitative magnitude that is difficult to measure, this study is aimed at measuring the perceived business success from the entrepreneurs' perspectives.

Therefore firms' success can be examined both objectively and subjectively. Objective examination usually includes comparing firms' performance with hard financial measures, whereas subjective examination can be related to more personal issues. (Reijonen, 2008).

Some researchers argue that success should be examined from the subjective perspective, and the starting point for doing so should be on the business' owners (Stenberg, 2004). Subjective criteria for success may include measures such as personal satisfaction and achievement, pride in the job, and flexible lifestyle. In small enterprises, both financial and non-financial criteria

are used when assessing success. The latter criteria tend to be more important to the small business owners (Walker and Brown, 2004).

Success is affected by several factors which include business owners' characteristics, such as self-efficacy, opportunity recognition, perseverance and social skills. (Markman and Baron, 2003) Other factors include market opportunities, number of business partners, financial capital, and strategies used to reach the firm goals. Success may also mean achieving one's goals and that goal-setting is essential for becoming successful (Dobbins & Pettman, 1997). Goals have also have tasks in firm success, forming the premise of success, directing behaviour towards success and operating as measures of success.

Success would be measured by traditional monetary factors such as revenue growth, profitability and creation of personal wealth (Amit et al., 2000). Some studies show that although some entrepreneurs are driven by financial aspirations, there are other who gain their motivation from differing sources and have different success criteria (Walker and Brown, 2004; Amit et al., 2000). Measures of success are also examined in relation to business growth. For growth theories, firms' growth is affected by needs, willingness, ability and possibility to grow (Davidsson, 1989).

## **2.10 CONCLUSION**

Business location is very important and primary consideration for any entrepreneur who wants to start a business. A right location decisions contribute to the business success even though the success itself define in many ways whether financially or non-financially.



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

The previous chapter reviewed the relevant literature on the related area of this study pertaining to elements of business success as well as the location factor and information about certain MARA development programs among others. This chapter will describe the research methodology that has been carried out in order to conduct the study effectively.

#### **3.2 DEVELOPMENT OF HYPOTHESIS**

According to Sabitha (2009), hypothesis is a presumption or prediction that is being tested by a researcher. It is a statement that can be tested either scientifically or empirically.

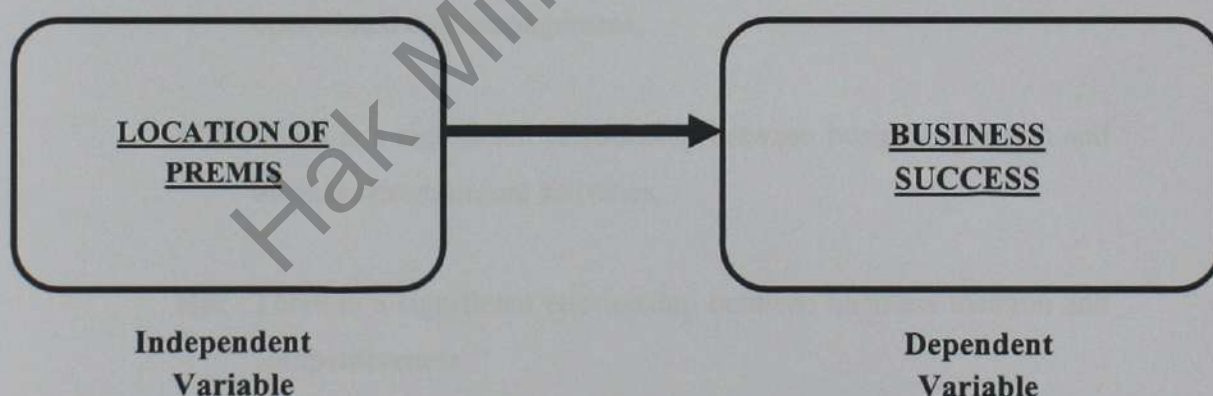
This study attempts to look into the possibility of location factor that contributes to the business success of the tenants of MARA business premises. There are a few questions that require answer:

1. What is wrong with the current business place that is rented from MARA?

2. Can it be accepted that the business which is run by the operators is doing well?
3. What are the factors to be considered to ensure business success in the current rented premises?
4. Is there a solution to the problems of the tenants concerning the performance of their business?

In determining a business success, this study gives focus on eight aspects which are company's net profit increment, company's success, business growth, regular patrons, operational cost management, promotional activities, competitiveness and local economic development.

Based on the explanation given above, the research framework is proposed as in the diagram below:-



There are nine hypotheses that have been proposed in accordance with the research framework. Firstly, the study intends to ascertain the perceptions of the tenants towards their business success which may have some differences between genders. Therefore, the hypothesis 1 is developed:-

**H1:** There is a difference between male and female tenants in their perception towards business success.



Hypothesis 2 to hypothesis 9 concern on whether there are relationship between business location and the elements of business success.

**H2:** There is a significant relationship between business location and net profit increment,

**H3:** There is a significant relationship between business location and company's success,

**H4:** There is a significant relationship between business location and business growth,

**H5:** There is a significant relationship between business location and regular patrons,

**H6:** There is a significant relationship between business location and operational cost management,

**H7:** There is a significant relationship between business location and business promotional activities,

**H8:** There is a significant relationship between business location and competitiveness

**H9:** There is a significant relationship between business location and local economic development.

Questionnaire survey is used as the methodology for this study. In addition to the use of survey, officials of MARA were also approached to obtain supporting information.

### 3.3 TYPES OF DATA

There are two types of data which is used for this study, the primary data and secondary data. Primary data is obtained through the respondents' reply of the survey questions. Apart from that, interviews were also conducted to obtain the respond from a few MARA officials on the situation and status of the rented properties.

Secondary data of the research is gathered from the review of publications issued by MARA as well as other related agencies. The data is to establish an extra reasonable basis to form conclusions regarding to answer the research questions.

### 3.4 QUESTIONNAIRE DESIGN

The study mainly uses questionnaire to examine the respondents' perception towards the performance of business at the place they are renting in. The establishment of the questionnaire is made through a practical viewpoint of experienced MARA official which has been academically approved.

The questionnaire contains three (3) sections of questions. The first section contains eleven (11) statements. These statements relate to the respondents perception of a good business location. Respondents are asked to respond to these statement based on a 7 point scale from 1 (extremely not agree) to 7 (extremely agree).

The second section of the survey consists of a set of 8 statements pertaining to what the respondents perceived of their own business performance. They are required to answer on a 7 point scale which ranges from extremely not satisfied to extremely satisfy.



The third section of questions is an inquiry of the respondent's demographic profile. The demographic information on each respondent includes gender, academic qualification, marital status and rental tenure among others. This section consist sub-category which is that given a 7 point scale ranging from 1- extremely important to 7-extremely not important. The survey is a set of statements which lists the factors the respondent feels most influential towards a business success.

### **3.5 POPULATION AND SAMPLE**

Population is the total membership or universe of a defined class of people, objects or events. For this research, the population refers to all the existing tenants of MARA business premises in Selangor.

Sample is a subset to the population. This study selects a certain number of the MARA business premises as sample in this research. Sample size of a statistical sample is the number of observations that constitute it. As described by Malhotra (2007) it refers to the sum of elements that need to be included in the observation of research. A total number of 250 tenants have been selected as sample for this study.

### **3.6 SAMPLING TECHNIQUES**

The sampling technique that has been applied in this study is random sampling. The population of this sample refers to all the tenants that have been renting the business premises provided by MARA. From the register that has been maintained at the related MARA district office, the total number of the tenants was identified. There were ten (10) districts that have been identified to have MARA's property being rented out by business operators. The districts involved are Hulu Langat, Sepang, Kuala Selangor, Klang, Kuala Langat, Gombak, Shah Alam, Petaling, Hulu Selangor and Sabak Bernam. The survey

forms were then distributed to selected tenants at each district with the assistance of the respective MARA district officer.

### **3.7 MEASUREMENT**

#### **3.7.1 Measurement of Location Factor**

To quantify the location factor as a measurement for the contribution to the business success from the tenants' point of view, the measurement scale used is based on studies carried out by several researchers. Azlah et al., (2005) in his studies stated that several factors such as demography, socio-economics, competitions, Government policies, legal issues and existing local infrastructure facilities in that particular area should be taken into account upon deciding a business location. These factors obtained in his research are extremely important to ensure the success of a business venture. The scale measurement for location factor was also adapted from a research by Ouwersloot and Rietveld (2000) which identified the existing local infrastructure facilities, such as vicinity to schools, administrative offices and telecommunication network to warrant success to businesses.

By utilizing the Likert Scale, the respondents were asked with 11 questions, which were framed in terms of whether the respondents are "very agree" to the least "not at all agree". This scale exhibited a coefficient alpha of 0.942.

#### **3.7.2 Measurement of Business Success**

The success of a business is measured based on its financial performance for instance, growth, profit, return on investment and number of employees. (Walker and Brown, 2004; Paige and Littrell, 2002). The success is also drawn from other factors such as capability and integrity of the management, business culture and entrepreneurial



spirit, quality of products/services and strong marketing strategies (Bank Negara Malaysia 2006). As a result, this measurement was chosen and the scale exhibited a coefficient alpha of 0.966.

Based on the questions in the questionnaires, net income is what remains after subtracting all the cost of a business it shows the showing capability of showing a real income or net profit of a firm. With a satisfied net income as perceived by entrepreneurs, it can be concluded that a firm has the characteristics of success in business. Break Even Point is a point where a firm has neither profit nor loss. It is normally associated with a situation whereby a firm has reached its target sales to cover expenses. A short and satisfied time to reach break even point means that a particular firm has a capability of achieving success or profit in business. Business Growth is where a particular firm has a certain positive changes in its performance. It can be growth in terms of sales, less expenses or reputation. A satisfied business growth would greatly influence a firms' success. Operation costs management in a company is an extremely important factor to ensure increased in profitability and subsequently leads to the success of the business. Managing the operation costs to the minimum year after year indicates that the company is on the right track for expansion. Promotional and marketing activities are two important aspects to ensure a business to succeed. Increased in sales from the result of these activities indicates the company's success is heading northward.

### **3.8 PROCEDURES AND DATA ANALYSIS**

Upon receiving the survey forms from respondents, the data were entered into statistical software (SPSS version 16) and then screened to ensure its completeness i.e. no missing item. A total of 120 forms have been returned out of 250 forms distributed which made 48% rate of response.

### 3.9 METHOD OF ANALYSIS

Data frequency analysis was run on the data regarding respondents' demographic profile. The frequency analysis is a very simple yet efficient method to apply on such data that can produce a comprehensive result.

When analysing the respondents' perception towards the three categories of element as mentioned earlier, a descriptive statistical analysis has been applied on the respective data. Utilising descriptive statistic on such data proved to be practical in getting a quick understanding of the main characteristics of each and every item that is being looked into.

### 3.10 CONCLUSION

The data collection process was a very important stage in this study. It was carefully administered to ensure the integrity of the data. The burden of distributing the survey forms for the study has been reduced through the assistance of MARA officials. Nevertheless, it was carefully checked and monitored to ensure all the forms are properly answered. The data analysis techniques applied as mentioned in this chapter would give a clear understanding of the situation looked upon in this study. The following chapter reveals the findings as well as the analysis of the responds received.



## **CHAPTER 4**

### **ANALYSIS AND FINDINGS**

#### **4.1 INTRODUCTION**

The previous chapter has presented the background of how the analysis of the data would be performed. The main items that formed the data to be analysed have been described. In addition, the last chapter also explained all the related method that to be used to obtain the results. In this chapter, the elements and results to be presented would be made in the form of demographic profile charts and also tables of descriptive statistics. Explanation on each individual chart and table will be given to highlight the issues that are discussed. The results obtained are organised accordingly to ensure a proper flow of discussions.

#### **4.2 RELIABILITY TEST**

A reliability test was done in order to explore the internal consistency of the items in the questionnaire. The Cronbach Alpha has been used for this purpose and Table 1 below shows the result of the test. Based on the guidelines offered by Nunally (1978), the value of 0.7 can be a benchmark for modest reliability applicable in early stages of research. As the table shows, both variables and constructs (Location and Business Success) have measures of internal consistency that exceed 0.70 (0.942 and 0.966 respectively). This

concludes that the constructs are highly reliable and the collected data are also reliable and consistent as well.

**Table 1**  
**Reliability Test**

<b>Independent Variable</b>	<b>Number of items</b>	<b>Final item</b>	<b>Reliability</b>
Location	11	11	0.942
<b>Dependent Variable</b>	<b>Number of items</b>	<b>Final item</b>	<b>Reliability</b>
Business Success	8	8	0.966

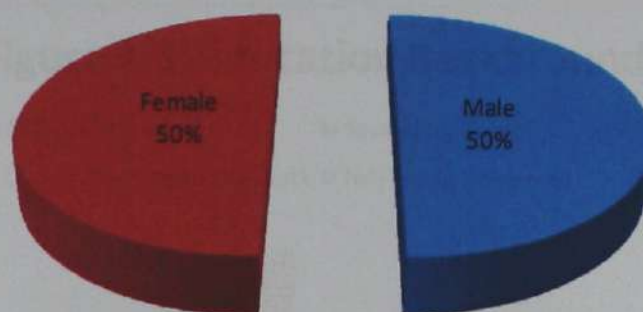
### **4.3 FREQUENCY AND DESCRIPTIVE ANALYSIS**

#### **4.3.1 Demography**

The following graphs and charts represent the demographic profile of the 120 respondents. Charts are created based on the data extracted from Frequency analysis using SPSS 16.0.



**Figure 4.1 : Demographic by Gender**



Out of 120 respondents, the number of male and female respondents is equally divided.

**Figure 4.2: Age**

■ 20-30 y/o ■ 31-40 y/o ■ 41-50 y/o ■ 51 and above

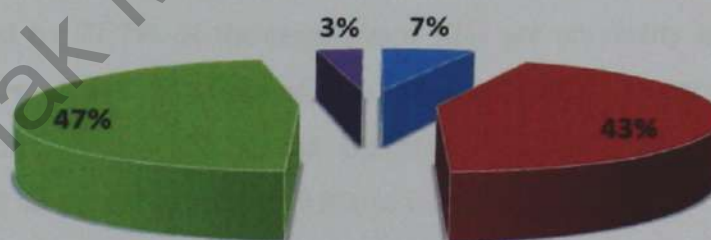


Figure 4.2 shows that highest numbers of respondents are between 41 and 50 years, 46.7% (56) followed by 31 to 40 years old, 43.3% (52). 7% (8) of the respondents are between 20 to 30 years old and the age 51 and above represents the age group with the lowest percentage, 3.3% (4).

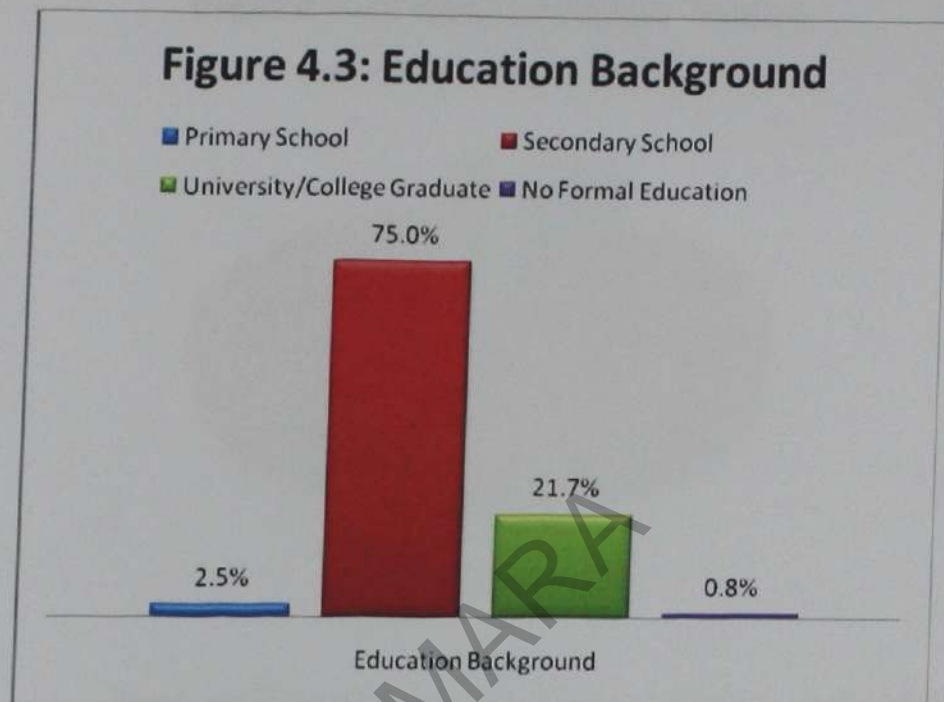
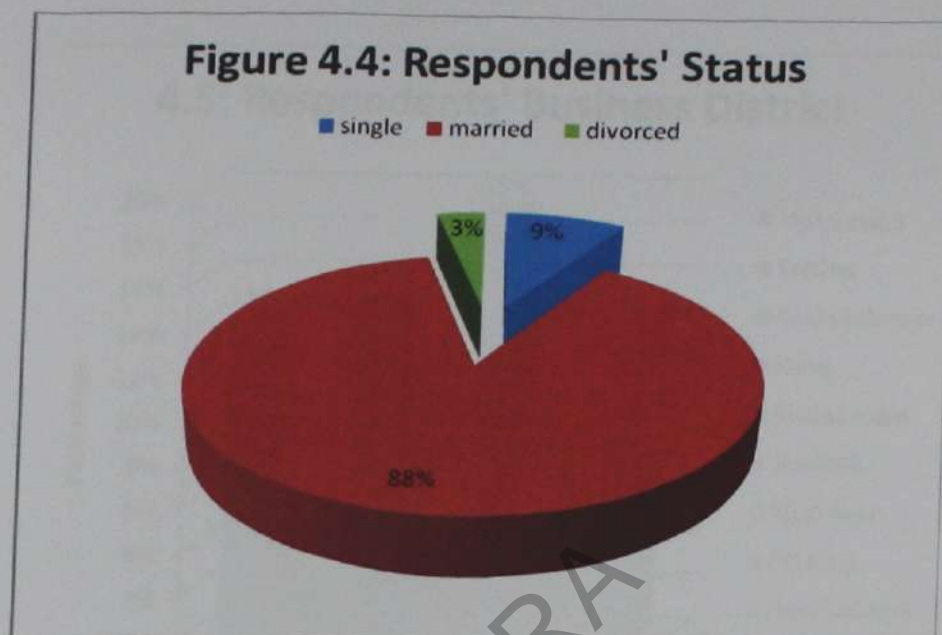


Figure 4.3 above shows that most of the respondents comprising 75% of total respondents (90) have a secondary school education followed by 21.7% of the respondents (26) are university or college graduates. 2.5% (3 respondents) received only primary school education whereas the lowest percentage comes from those that received no formal education (0.8% or only 1 respondent).





Based on Figure 4.4, majority of the respondent are married comprising 88% of the total respondents. Minority are either single or divorced (3-9%).

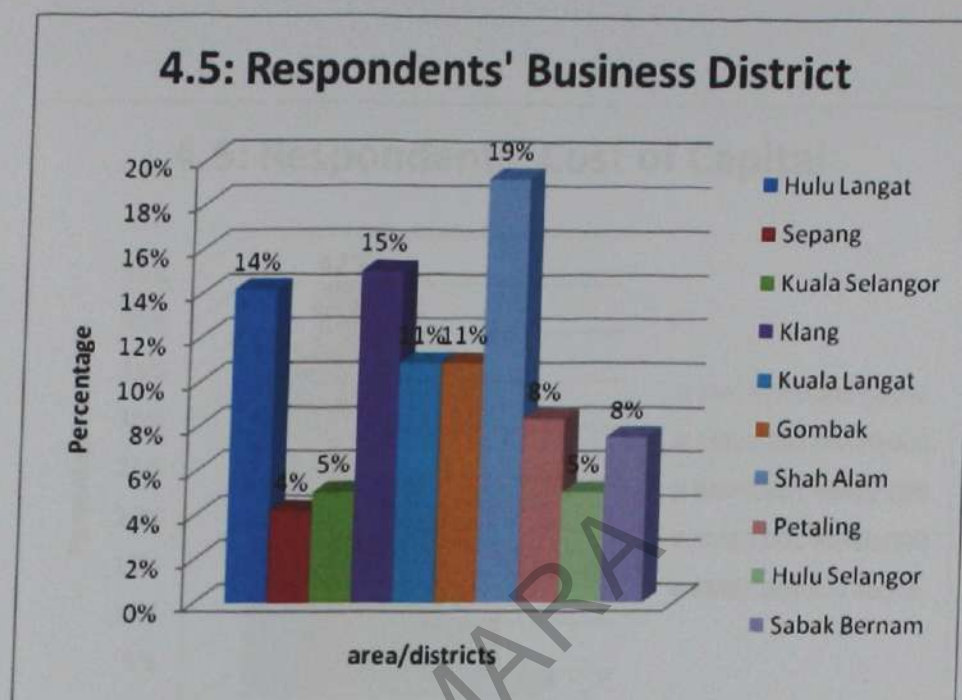


Figure 4.5 shows the various districts of Selangor in which the respondents have been operating their business. The main respondents are from the district of Kuala Langat (19%), followed by those operating business in Klang (15%) and Hulu Langat (14%).

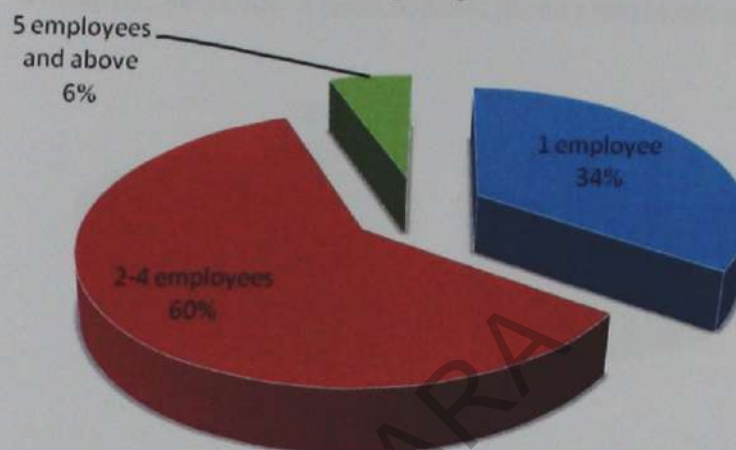


#### 4.6: Respondents' Cost of Capital



From the above, it is noted that majority of the respondents has the cost of capital between RM20,001 to RM 40,000 (42%) followed by those having cost of capital between RM20,000 and below (33%). Only a small number of respondents have high cost of capital.

**Figure 4.7: Number of Permanent Employee**

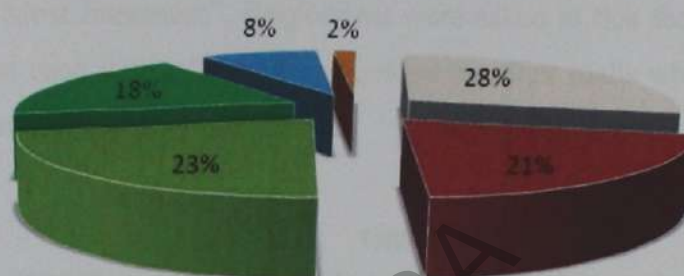


Based on Figure 4.7, majority of the respondents (60%) employed 2-4 employees, followed by 1 employee (34%). Only 5% of the respondents has 5 employees and above.



#### 4.8: Respondents' Sales Earnings

RM50,000 and below   ■ RM50,001-RM65,000   ■ RM65,001-RM80,000  
 ■ RM80,001-RM95,000   ■ RM95,001-RM110,000   ■ RM110,001 and above



From Figure 4.8 majority (28%) of the respondents has sales earnings of RM 50,000 and below. This is followed by 23% and 21% having sales earnings of RM 65,001 to RM 80,000 and RM 50,001 to RM 65,000 respectively. The rest of the respondents (18%, 8% and 2%) each has sales earnings of RM 80,001 to RM 95,000, RM95,001 to RM 110,000 and above RM 110,000 respectively.

#### 4.3.2 General Opinion on the Business Environment Success

This section deals with the respondents' perception towards three main issues i.e. what they believe of a good business location, what they see of their own business performance and the factors that determine a business success.

### A. Business Location

Under the first part of this section, respondents are required to give opinion on issues that would form a good business location. Their perception was scaled using a liker scale of 1 to 7. The scale was labelled as 1 "Least Important", 2 "Less Important", 3 "Important", 4 "More Important" and 5 "Most Important". Respondent were asked to tick their opinion on each item of facilities provided by other malls whether they are important or not to them.

Table 2  
Perception of Respondents Towards Strength of Business Location

Perception	Minimum	Maximum	Mean	Std. Deviation
High Density Population	3	7	5.65	.806
Premises' Accessibility	3	7	5.53	.934
Surrounding Business Competitors	3	7	5.56	.828
Satisfactory Hygiene	3	7	5.24	.898
Supportive Development Activities	3	7	5.35	.984
Main Commercial Centre	2	7	5.38	1.116
Market Target	3	7	5.32	.954
Cheap and Convenient Labour Supply	1	7	4.75	1.132
Rental Exemption Facilities	3	7	5.17	.882
New Attraction	2	7	5.34	1.096
Buying Power	3	7	5.15	1.026

Table 2 above shows the perception that the respondents have on the strength of business location that can influence success of their business. Based on the mean values in the table, the respondents highly believe that, in term of good business



location, it must have a high density population. They are also in the opinion that surrounding business competitors as well as easy access to the premise area are of main characteristics of a good business location. The respondents also believe that good business location should be inside a main commercial centre where there are plenty of supportive development activities and new market attraction is easily formed. Other than that, a good business location must also be an easy marketing target for potential sellers to operate.

Hygienic surroundings of the location are also a feature believed by the respondents' e that would influence the success of the operation. In addition, based on the mean of the statistical result in the table, two more characteristics of a business location that can influence success are the rental exemption of the building which to a certain extent, can reduce the cost of operations and the buyers' buying power which is much related to the level of cost of living in the area of the business.

One particular characteristic of location that is less agreed by the respondents to influence business success is cheap and convenient supply of labour. The mean shown is 4.75, which is lower than 5 as most of other respondents have resulted in. Therefore, it can be said that supply of labour in a business area is less considered when the success of operations is taken into account.

To sum, the responds received from the sample of the business operators have shown that they have a clear perception of what a good business location should be in term of things that it should have as well as certain characteristics and image that the location must portray.

## B. Business Location

The second part of this section also requires the respondents to give their answer to another set of questions that covers respondents' perception towards their own business performance. They were given a scale of 7 levels of satisfaction to choose from, 1 is for least satisfied until 7 which refers to the most satisfied. The statistical analysis of their answers is produced as per Table 2 below.

**Table 3**  
**Perception of Respondents Towards Their Business Performance**

Perception	Minimum	Maximum	Mean	Std. Deviation
Company's Net Earnings	2	7	4.93	1.051
Company Success	2	7	4.89	1.060
Company Growth	2	7	4.85	1.050
Customers Frequency	1	7	4.78	1.146
Operational Management Costs	2	7	4.73	1.035
Promotional Activities	1	7	4.43	1.075
Competitiveness	2	7	4.67	1.048
Local Economics Effects	2	7	4.63	1.037

Based on the Table 3 above, when asked about the business performance which the respondents experienced, the Statistical Mean of the answers given are between the scale of 4 and 5. The scale of 5 refers to the level of merely satisfied whereas 4 is for neither satisfied nor non satisfied. Based on the Mean value, it is noted that the respondents feel the promotional



activities of their business are not effectively carried out. They also feel that the competitiveness of their business are not very strong as well as it does not give a very good effect on the local economy.

The respondents are also in the opinion that the cost of managing their business operations are not well controlled and the frequency of customers coming to their premise is also mere satisfactory.

The respondents' company's growth rate, as remarked by them is only a mere satisfactory and this cannot be seen as a good indicator. This also applies to the respondents' perception whether their company is achieving success in its operations. The responds given are also showing a mere satisfactory. When asked whether the company the respondents run are making good earnings, the reply also shows a mere satisfactory level. Judging from the responds given, it can be said that their business at the current location are not doing very well. There should be some efforts taken to improve the situation at the business premises of the respondents that benefits the business operations.

### **C. Factors On Business Success**

The respondents were also asked their opinion on the list of factors that determine the success of business. A list of five factors was given and the respondents were requested to give their answer on a scale of 7 from the least important to the most important.

Based on the Means value in the Table below, all the five factors listed are considered very influential to a business success. The first three factors that are highly regarded by the respondents are location, followed by marketing strategy and thirdly the financial management skill of the operator. The next two factors in accordance with their lesser means value are family member's support and the diversity of products sold.

**Table 4**  
**Respondents' Perception On Determining Factors Of Business Success**

Factor	Minimum	Maximum	Mean	Std. Deviation
Location	5	7	6.38	.611
Financial Management Skill	4	7	6.34	.628
Marketing Strategy	5	7	6.36	.577
Product Diversity	4	7	6.08	.676
Family Members' Support	4	7	6.28	.676

It can be derived from the result shown that for a business to have a good growth, success and all the related advantages, location is still highly regarded as one important factor.

#### 4.4 HYPOTHESIS TESTING

Hypothesis testing is the use of statistics to determine the probability that a given hypothesis is true. For the purpose of this study, hypothesis 1 will be tested by applying the T-test and for the rest of the eight hypotheses, one-way ANOVA is applied.



#### 4.4.1 T-Test

**Table 5: T-Test**  
Difference of Perceptions between Gender Towards Business Success

Gender	N	Mean	Standard deviation	t	Sig.
Male	60	4.8562	0.91764	1.329	0.498
Female	60	4.6520	0.98721	1.329	

From the table above, though the means score for male respondents is higher than the female counterparts, as evidenced by  $p > 0.05$ , it is insufficient to say that there is a significant difference between the perception of male respondents and female respondents toward business success. Therefore, Hypothesis 1 (H1) below is rejected.

**H1:** There is a difference between male and female tenants in their perception towards business success.

#### 4.4.2 ANOVA

##### a. Net Profit

**Table 6: ANOVA**  
Relationship between Location of Premise with Company's Net Profit

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Profit	Between Groups	67.648	31	2.182	3.009	.000
	Within Groups	63.818	88	.725		
	Total	131.467	119			

The p value in Table 6 shows that there is a significant relationship between the locations of MARA premise with the net profit of the company of respondents. H2 is therefore accepted.

**H2:** There is a significant relationship between business location and net profit increment,

**b. Company's Success**

**Table 7: ANOVA**  
**Relationship between Location of Premise with Company's Success**

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Success	Between Groups	62.936	31	2.030	2.529	.000
	Within Groups	70.655	88	.803		
	Total	133.592	119			

As NOVA statistic in Table 7 indicates ( $p < .05$ ), there is a significant relationship between the premises location and the company's success. Hence, H3 below is accepted.

**H3:** There is a significant relationship between business location and company's success



### c. Business Growth

Table 8: ANOVA

Relationship between Location of Premise with Business Growth

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Growth	Between Groups	64.428	31	2.078	2.735	.000
	Within Groups	66.872	88	.760		
	Total	131.300	119			

From the Table 8, the p value indicates that there is a significant relationship between premises location of MARA with the business growth of the company. H4 is therefore accepted.

**H4:** There is a significant relationship between business location and business growth,

### d. High Patrons Number

Table 9: ANOVA

Relationship between MARA Premise Location with High Patrons Number

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Patrons	Between Groups	75.032	31	2.420	2.619	.000
	Within Groups	81.335	88	.924		
	Total	156.367	119			

The p value in Table 9 shows there is a significant relationship between the locations of MARA premises with the number of patrons. H5 is hence accepted.

**H5:** There is a significant relationship between business location and high number patrons.

**e. Operational Cost Management**

**Table 10: ANOVA**

**Relationship between MARA Premise Location with Operational Cost Management**

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Operation	Between Groups	69.474	31	2.241	3.401	.000
	Within Groups	57.992	88	.659		
	Total	127.467	119			

Based on the Table 10, there is a significant relationship between the locations of premise with operational cost management ( $p$  value  $< 0.05$ ). Due to this, H6 is accepted.

**H6:** There is a significant relationship between business location and operational cost management.

**f. Promotional Activities**

**Table 11: ANOVA**

**Relationship between MARA Premise Location with Promotional Activities**

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Promotion	Between Groups	71.896	31	2.319	3.113	.000
	Within Groups	65.571	88	.745		
	Total	137.467	119			



From the Table 11, the p value shows that the premise location has a significant relationship with the promotional activities of the respondents' company. H7 is therefore accepted.

**H7:** There is a significant relationship between business location and business promotional activities.

**g. Business Competitiveness**

**Table 12: ANOVA**  
Relationship between MARA Premise Location with Business Competitiveness

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Competitor	Between Groups	69.815	31	2.252	3.257	.000
	Within Groups	60.852	88	.691		
	Total	130.667	119			

From Table 12, as indicated by the p-value  $< .0.5$ , there is a significant relationships between the MARA's premise location with the respondent's business competitiveness. H8 is accepted.

**H8:** There is a significant relationship between business location and competitiveness

## h. Local Economic Development

Table 13: ANOVA  
Relationship between MARA Premise Location with Local Economic Development

	Variables	Sum of Squares	Df	Mean Square	F	Sig.
Economy	Between Groups	74.036	31	2.388	3.904	.000
	Within Groups	53.830	88	.612		
	Total	127.867	119			

From the Table 13, MARA Premise location has a significant relationship with the local economic development as shown by the p value  $< 0.05$ . It is therefore H9 to be accepted.

**H9:** There is a significant relationship between business location and local economic development.



## **CHAPTER 5**

### **SUMMARY, CONCLUSION AND MANAGEMENT IMPLICATIONS**

#### **5.1 INTRODUCTION**

This final chapter is written with the purpose of explaining some implications of the research to the readers. Summary and conclusions are made in order to give clarification and explanation of the integration of the findings which have been stated in the previous chapters. In the summary part, details of important points are presented in brief to give understanding of the topics of this research.

#### **5.2 SUMMARY AND CONCLUSION**

This study is carried out with the aim of examining and exploring the outcome of MARA's program of which business premises are rented out to bumiputera participants to encourage them to venture into business activities. In line with this, the location of these premises has been the highlight of this study. The idea is for the entrepreneurs or entrepreneurs-to-be to succeed in their business venture, their business operation should be run at a strategic and good location. The study looks into the possibility that due to the improper selection of location by the agency, the business performance of these entrepreneurs can be adversely affected.

As revealed in the findings in the previous chapter, the perception of the tenants regarding business premises have on being successful in their business is to have a proper and strategic place of operations. The definition of strong characteristics of a good location of business, as revealed in the findings are it must be in an area of high density population, surrounding area of high business competition environment and it must have an easy access to premise area.

Decision on choosing the right location plays a major role to the success of a company. Based on the findings, Hypothesis 2 states that there is significant relationship between business location and net profit increment of the company. Lufuente et al., (2010) mentioned in their study that there was a traditional thinking related to location decisions that focused its analysis on profit maximisation and cost-minimising strategies i.e. transportation cost, labour cost and external economies.

Hypothesis 3 states that there is a significant relationship between business location and company success. The statement is consistent to the findings obtained from the past studies carried out by several researchers. A company will be more successful when it considers factors such as accessibility, locational advantages and terms of occupancy upon deciding its location. (Levy and Weitz, 1998).

Hypothesis 4 states that there is a relationship between business location and business growth. According to this hypothesis, the location of the business plays a major role in determining the success level of the business in term of business growth potential. If we look at a study by Walker & Brown (2004), business success traditionally measured from the financial performance such as growth, profit, return on investment or number of employees of on that particular company. Furthermore, according to Amit et



al., (2000), success would be measured by traditional maneytory factors such as revenue growth, profitability and creation of personal wealth.

Hypothesis 5 states that there is a relationship between business location and regular patrons. Business location surrounded by comprehensive infrastructure and facilities, for instance ample car parking space and easy road access contribute to potential visitors' interest. El-Adly (2007) and Yavas (2001) asserted that ease to parking space give high level of excitement and comfortable shopping experience thus attract shoppers to patronize a business premises.

Hypothesis 6 states that there is a significant relationship between business location and operational cost management. The right location contributes to effective resource management via operational cost savings. The sole aim of a business is to maximize the profit and minimize operations costs. For transportation service companies, minimizing operational costs is paramount. The strategy to maximize the profit and minimize the cost can be achieved with studies and analysis on the location prior to setting up the business.

Hypothesis 7 states that there is a significant relationship between business location and business promotional activities. Promotion is a useful marketing tool that can contribute to the success of a company. Referring to Krasnokov A. & Jayachandran S. (2008) marketing capability has a stronger impact on firm performance than research-and-development and operations capabilities.

Hypothesis 8 states that there is significant relationship between business location and competitiveness. Local competitions between companies has been frequently discussed and debated on how it can either enhance the success rate of the companies or bring the companies down. On this matter, according to a view by Azlah et al., (2005) there are several factors that

should be considered when to decide a business location such as demography, sosio-economy of local resident, existing competitors, government policies, legitimate laws, infrastructure facilities and others. Obviously, there are pros and cons to the existent of competitors. However, in this research paper, the respondents agree that local competitors contribute to the success of their businesses.

This information can be very useful for the management of MARA to devise a proper plan especially in developing some land areas to transform them into a good business commercial centre for the bumiputera entrepreneurs. Development planning involved a lot of money, hence, with good and proper strategies, all the ringgits and cents can be assured well spent.

Analysis of business success from the entrepreneur's viewpoint involved in this study showed that success is defined by three main characteristics. The characteristics are performance of net profit, success rate of the company and the growth rate of the business operations. These characteristics can be a good basis for MARA especially when it comes to setting up specific index or performance measurement. In addition, the three elements that defined business success from the tenants' viewpoint can be studied further to derive other helpful information that might contribute other relevant standard of measurement. This may help the agency especially the responsible officers to monitor the progress of tenants in running their business. The idea is, with a good performance measurement, it helps to ensure the steps or actions taken by MARA in dealing with such related matters be justified.

The strong connection that is seen in the previous chapters between location and each element of business success has certainly shown that the entrepreneurs, especially those who are newcomers in the entrepreneurship field or business, heavily rely on factors that can make themselves visible in the industry or the related business environment. Undoubtedly, one easy way



to become visible is to have a good and decent place to operate where customers can come easily without much problem. This argument is rational especially when it is viewed in line with the objective of MARA it self. Those entrepreneurs who are eligible to be accepted under this program are usually from the disadvantaged bumiputeras with limited capital. The motive is to help the disadvantaged bumiputeras to start a business and later on to progress and succeed independently. Renting out the business premises to them is a mode of assistance that MARA can offer in achieving the said goal. This is where location of the business becomes a very important aspect to ensure the objective of both parties, the entrepreneurs and MARA can be achieved. Thus, to ensure that MARA's effort to promote business growth and success among the bumiputera community it is vital to select and provide strategically suitable business location for starting or operating any business premise.

### **5.3 MANAGEMENT IMPLICATIONS**

#### **5.3.1 Location Viability Study for Purchase/Construction of Business Premise**

According to MARA Annual Report 2008, as much as RM17,929,108.00 (145 units) were spent by MARA to purchase and construct business premises. This amount is an increase of RM7,008,810.00 compared to RM10,920,298.00 (294 units) spent in 2006. The nearly 70% increase in spending shows MARA's commitment to provide business opportunities and foundation to bumiputera entrepreneurs.

In line with its activities in providing additional business units, MARA should also emphasize on the location of these units so that it can positively contribute to the success of the business tenants.

Based on the findings shown in Figure 4.8, only 2% of the 120 respondents have annual sales exceeding RM110,000.00. This is relatively small compared to 44% of respondents whose annual income is RM80,000.00 or less. Amir et al. (2000) defines that success would be measured by traditional monetary factors such as revenue growth, profitability and creation of personal wealth (Amir et al., 2000) hence, even though the meaning of successful is subjective, the company's financial growth is traditionally seen as benchmark for its success. Another research by Walker and Brown (2004) studied that in small enterprises, both financial and non-financial criteria are used when assessing success. Amit et al. (2000) define that success would be measured by traditional monetary factors such as revenue growth, profitability and creation of personal wealth (Amit et al., 2000). Another researcher by Walker and Brown, (2004) studied that in small enterprises, both financial and non-financial criteria are used when assessing success.

Thus, location viability study should be emphasized by MARA's management before any decision for purchase or construction of business premise is taken.

### **5.3.2 Promotion and Event for Business Premises Which Is Not Popular**

A systematic and aggressive promotions and campaign would be necessary for these purposes. Since the business premises especially for shopping mall, arced and bazaar are not popular because of the unstrategic location, series and schedule of event and promotion have to take place to ensure that customer do not forget of it. The malls may organize seasonal promotion events such as carnival festive season like for Hari Raya Season, Chinese New Year and Christmas. Additionally, MARA could organize 'Mall Events Calendar' to promote the business



premises. This Events Calendar must be well organized as it has the capability of attracting a large number of customers and thus may increase the retailers' revenue. Two way communications is vital to motivate and encourage tenants to put all their effort in participating in any of the promotional events launched. These events would definitely benefit both parties MARA and tenants once shoppers recognize and patronize the premises.

### **5.3.3 Relocation of Non-Viable Business Premises**

Another aspect that the management of MARA should take into consideration is relocating all the non-viable business premises to the more strategic and potential areas. Although the relocation exercise may require a sizable allocation of fund, MARA could execute the relocation exercise in several stages.

### **5.3.4 Privatisation of the Management of MARA Business Premises**

MARA has started to exercise this concept with limited success. Currently, it is limited to the existing premises, which does not involve location identification stage. This exercise may look radical for certain quarters, but guidelines and policies can be formed to ensure MARA retains its social obligations. Among the factors this step need to be taken is that through business premises management privatisation exercise, only reputable companies with vast experience in real estate management will be offered this opportunity. These private companies in turn will strive to generate profits for themselves and the tenants.

### **5.3.5 Doing a Major Renovation on Aged Business Premises**

Most of the existing MARA business premises especially bazaar and arcade types were built in early 1980's. Therefore besides rapid changes in business environment today, MARA have to look forwards in facilitating a new benchmark for their business premises in order to compete with other surrounding premises. The designs of most of these buildings are not suitable with the need of current business trends. Because of this situation, these buildings could not significantly contribute to the development of tenants' business success.

Firstly, MARA has to identify the aged business premises and start to plan for major renovation on that building. It can be done by redesigning and setting up a new layout. This renovation can also include providing other facilities such as additional car parking lots. A research done by Zafar (2007) claimed that interior design and products sold are two of the most important reasons why shoppers visit shopping mall. Meanwhile El-Adly (2007) and Yavas (2001) asserted that ease to parking space give high level of excitement and comfortable shopping experience thus attract shoppers to patronize a mall. Anon (2003) and Yavas (2001) also support the findings of this research where security and cleanliness are vital to sustain customer patronage towards business premises.

### **5.3.6 Enhancing MARA Officer Competency**

The management of MARA should carefully approach the decision to either purchase a completed project or construct a new one. With regards to acquiring completed commercial lots, the preliminary evaluation to support the purchase of these lots is normally carried out by the District MARA Officer prior the approval by the Central



Committee. This procedure has been explicitly circulated in Surat Edaran MARA 2009.

In this case, District MARA Officer's role in giving out the viability evaluation is utmost important. His or her support will be one of the key contributors for getting the Central Committee's approval to proceed with the purchase. Accordingly, District MARA Officer must be competent and has high credibility in this field. Furthermore, this will help MARA to reduce the risks of making wrong decision in acquiring any units. Undoubtedly, purchasing a unit in an unstrategic and unsuitable location will adversely affect the success of the tenant's business. Additionally, MARA should focus in human capital development via the involvement of its officers in real estate seminars, workshops and courses. These avenues will provide better exposure and enhance their knowledge and competencies.

MARA higher management should seriously consider all the above recommendation in order to ensure that all the MARA business premises can contribute to the higher business achievement among the tenants through the strategic location. It is important that MARA should always undertake research consideration before deciding to procure or build business premises.

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Hak Milik MARA

## APPENDIX I



## TAJUK KAJIAN:

**KEBERKESANAN PREMIS PERNIAGAAN MARA TERHADAP  
PEMBANGUNAN PERNIAGAAN PENYEWA MARA DI  
SELANGOR**

Kepada:

Tuan/ Puan,

Penyelidik sedang menjalankan kajian sepertimana tajuk di atas. Kerjasama daripada tuan/puan adalah diharapkan untuk menyertai kajian ini dengan memberikan maklumbalas anda ke atas pernyataan dalam soal selidik yang terdapat di bawah. Oleh itu, penyelidik mengharapkan kejujuran tuan/puan dalam menjawab soalselidik ini. Segala maklumat adalah rahsia dan hanya digunakan untuk kajian ini sahaja. Penyelidik mengambil peluang ini bagi mengucapkan terima kasih kepada semua yang telah memberi kerjasama dalam menyempurnakan soalselidik ini. Sekian, terima kasih.

*Dear Sir/ Madam,*

*The researcher is currently conducting a research regarding the topic above. Your cooperation and participation is needed by giving your feedback based on the statements in the questionnaire below. Therefore, the researcher really hopes that you can answer all the questions below honestly. All the information given will be use for this research purpose only and will be kept as confidential. The researcher would like to take this opportunity to thank everyone who is willing to participate in this research. Once again thank you.*

**NORU SAMSUDIN BIN MUDA**  
Tel: 019 2202136





### BAHAGIAN B: PERSEPSI PENYEWA TERHADAP KEJAYAAN PERNIAGAAN

Sila tandakan ( V ) pada skala yang mana anda rasakan jawapan yang paling sesuai untuk setiap pernyataan.

Sejauh mana tahap kepuasan anda berhubung perkara-perkara berikut:	Sangat tidak puashati                      Sangat puashati						
	1	2	3	4	5	6	7
12. Adakah anda berpuashati dengan tahap peningkatan keuntungan bersih syarikat?							
13. Adakah anda berpuashati dengan tahap kejayaan syarikat?							
14. Adakah anda berpuashati dengan tahap perkembangan perniagaan syarikat?							
15. Adakah anda berpuashati dengan tahap kunjungan pelanggan ke premis?							
16. Adakah anda berpuashati dengan kaedah pengurusan kos operasi syarikat?							
17. Adakah aktiviti promosi yang dijalankan mencapai matlamat yang dikehendaki?							
18. Adakah produk/perkhidmatan yang ditawarkan oleh syarikat anda dapat bersaing berbanding dengan syarikat pesaing?							
19. Adakah anda berpuashati dengan kemajuan syarikat anda memberi kesan kepada kemajuan ekonomi setempat?							



### BAHAGIAN C: LATAR BELAKANG PENYEWA

20. Namakan jantina anda:

☐

Lelaki

☐

Perempuan

21. Nyatakan umur anda:

☐

20 - 30 tahun

☐

31 - 40 tahun

☐

41 - 50 tahun

☐

51 tahun dan keatas

22. Apakah status anda?

☐

Bujang

☐

Berkahwin

☐

Duda/Janda

23. Apakah taraf pendidikan anda?

☐

Sekolah rendah/setaraf

☐

Lepasan universiti/kolej

☐

Sekolah menengah/setaraf

☐

Tiada pendidikan formal

24. Anda merupakan penyewa premis perniagaan MARA di daerah:

☐

Hulu Langat

☐

Selangor

☐

Kuala Selangor

☐

Klang

☐

Kuala Langat

☐

Gombak

☐

Shah Alam

☐

Petaling

☐

Hulu Selangor

☐

Sabak Bernam

25. Berapa lamakah anda telah menyewa di premis perniagaan MARA seperti yang dinyatakan di atas?

☐

Kurang 1 tahun

☐

1 - 3 tahun

☐

3 - 5 tahun

☐

5 - 7 tahun

☐

7 - 9 tahun

☐

9 tahun ke atas

26. Berapakah jumlah anggaran modal memulakan perniagaan anda?

- ☐ RM 20,000 dan kebawah      ☐ RM20,001 – RM40,000  
☐ RM40,001 – RM60,000      ☐ RM60,001 – RM80,000  
☐ RM80,001 dan ke atas

27. Berapakah bilangan kakitangan tetap syarikat?

- ☐ 1 orang      ☐ 2 – 4 orang  
☐ 5 orang dan keatas

28. Berapakah anggaran nilai jualan purata syarikat bagi setahun?

- ☐ RM50,000 dan kebawah      ☐ RM50,001 – RM65,000  
☐ RM65,001 – RM80,000      ☐ RM80,001 - RM95,000  
☐ RM95,001 – RM110,000      ☐ RM110,001 dan keatas

29. Sejauhmanakah kepentingan faktor-faktor berikut dalam mempengaruhi kejayaan perniagaan anda?

FAKTOR	Amat Tidak Penting				Amat Penting		
	1	2	3	4	5	6	7
i. Lokasi premis perniagaan							
ii. Kemahiran pengurusan kewangan anda							
iii.Strategi pemasaran anda							
iv. Jenis/kepelbagaian produk jualan							
v. Sokongan/bantuan daripada ahli keluarga							

SOALAN TAMAT, TERIMA KASIH ATAS KERJASAMA ANDA



## APPENDIX II

## MARA Business Premises In Kuala Selangor, Selangor



Rumah Kedai Tanjong Karang, Kuala Selangor

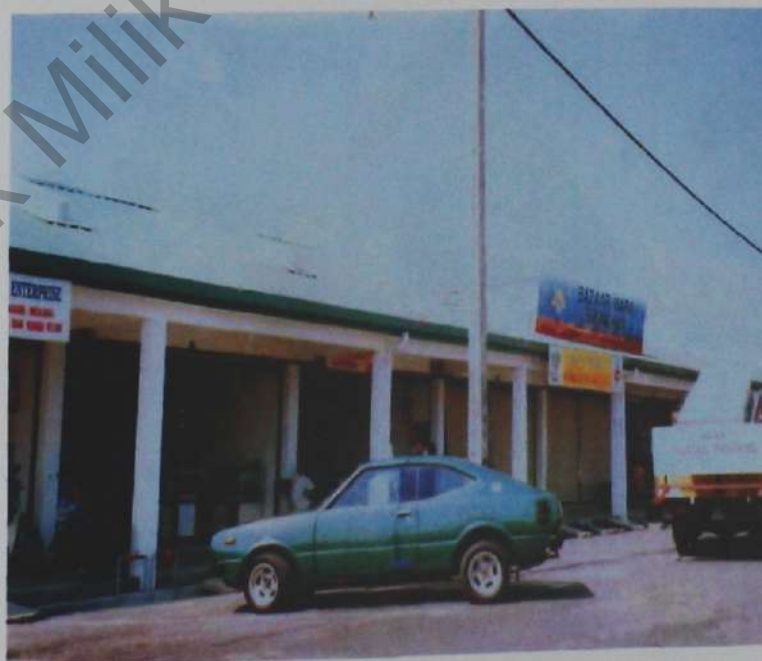


Dataran Melawati, Kuala Selangor

**MARA Business Premises Sabak Bernam, Selangor**



Plaza Sungai Besar, Sabak Bernam



Bazar MARA Sekinchan, Sabak Bernam



## MARA Business Premises In Klang, Selangor



Kompleks Tengku Klana, Klang



Arked MARA Jalan Melayu, Klang

### MARA Business Premises In Gombak, Selangor



Rumah Kedai Batu Caves, Gombak



Bazar MARA Keramat, Gombak



**MARA Business Premises In Petaling, Selangor**



Bengkel MARA, Puchong



Rumah Kedai Putra Heights, Petaling

**MARA Business Premises In Shah Alam, Selangor**



Anggerik Mall, Shah Alam



Kawasan Industri MARA, Shah Alam



**MARA Business Premises In Hulu Langat, Selangor**



Bazar MARA Semenyih



Arked MARA Kajang

**MARA Business Premises In Hulu Selangor, Selangor**



Rumah Kedai Serendah, Hulu Selangor



Rumah Kedai Seri Pagi, Hulu Selangor



**MARA Business Premises In Sepang, Selangor**

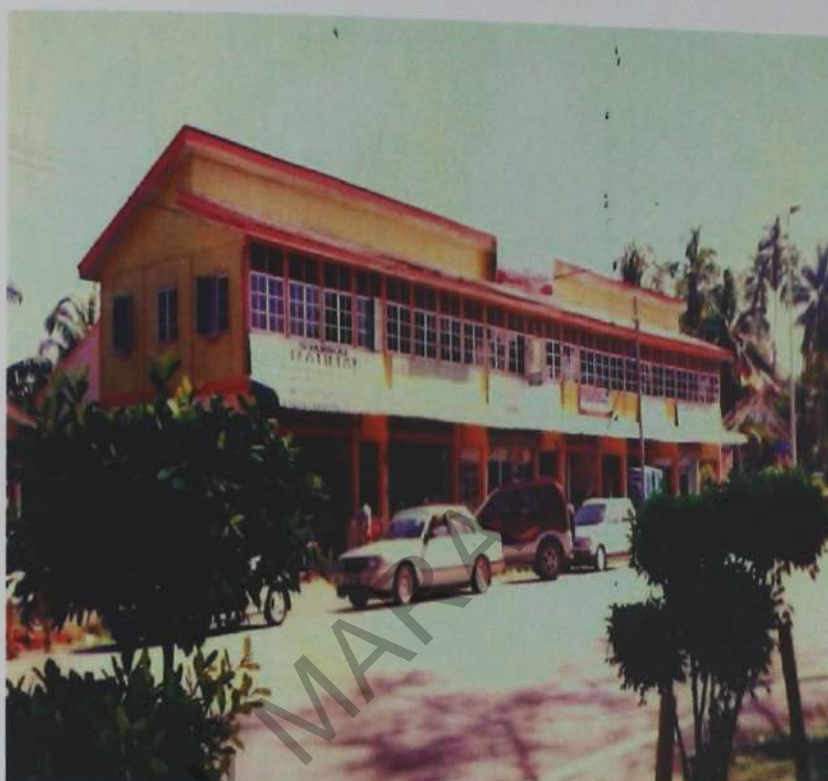


Bazar MARA Sungei Pelek, Sepang



Rumah Kedai Bandar Baru Salak Tinggi, Sepang

**MARA Business Premises In Kuala Langat, Selangor**



Rumah Kedai Batu Laut, Kuala Langat